

Senate File 305 - Introduced

SENATE FILE 305

BY SMITH

A BILL FOR

1 An Act relating to school district funding by establishing a
2 district cost per pupil equity budget adjustment funded
3 by interest earned on cash reserve funds and including
4 effective date provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 257.2, subsection 2, Code 2017, is
2 amended by striking the subsection.

3 Sec. 2. NEW SECTION. 257.14A District cost per pupil equity
4 — budget adjustment.

5 1. The board of directors of a school district with a
6 regular program district cost per pupil that is less than the
7 highest regular program district cost per pupil among all
8 school districts in the state for the same budget year that
9 wishes to receive the budget adjustment under this section may
10 adopt a resolution approving the budget adjustment by May 15
11 preceding the budget year and shall within ten days of adoption
12 of the resolution notify the department of management of the
13 amount of the budget adjustment, subject to the limitations of
14 subsection 2, paragraph "a".

15 2. a. For budget years beginning on or after July 1, 2017,
16 each school district for which a budget adjustment is approved
17 under subsection 1 shall receive a budget adjustment for that
18 budget year in an amount not to exceed the difference between
19 the school district's regular program district cost per pupil
20 and the highest regular program district cost per pupil among
21 all school districts in the state multiplied by the district's
22 weighted enrollment. The resolution adopted under subsection 1
23 may specify a budget adjustment amount that is less than the
24 maximum amount authorized under this paragraph.

25 b. The school district shall fund the budget adjustment by
26 using interest on cash reserve funds earned during the base
27 year.

28 3. A budget adjustment received under this section shall
29 not affect the eligibility for or amount of any other budget
30 adjustment authorized by law for the same budget year. In
31 addition, a budget adjustment under this section shall be
32 limited to the budget year for which the adjustment was
33 authorized and shall not be included in any computation of a
34 school district's cost for any future budget year.

35 Sec. 3. Section 257.34, Code 2017, is amended to read as

1 follows:

2 **257.34 Cash reserve information.**

3 1. If a school district receives less state school
4 foundation aid under **section 257.1** than is due under that
5 section for a base year and the school district uses funds
6 from its cash reserve during the base year to make up for
7 the amount of state aid not paid, the board of directors of
8 the school district shall include in its general fund budget
9 document information about the amount of the cash reserve used
10 to replace state school foundation aid not paid.

11 2. If a school district uses interest earned on its cash
12 reserve funds during the base year to fund a budget adjustment
13 under section 257.14A, the board of directors of the school
14 district shall include in its general fund budget document
15 information about the amount of the interest used for such
16 purpose.

17 Sec. 4. Section 298A.2, Code 2017, is amended to read as
18 follows:

19 **298A.2 General fund.**

20 1. All moneys received by a school corporation from taxes
21 and other sources must be accounted for in the general fund,
22 except moneys required by law to be accounted for in another
23 fund.

24 2. Interest earned on cash reserve funds during a budget
25 year may be added to the district's existing cash reserve
26 amount within the general fund or may be designated by the
27 school board to fund a budget adjustment under section 257.14A
28 for the following budget year. Interest amounts designated to
29 be used for a budget adjustment under section 257.14A shall not
30 be included in district cost.

31 Sec. 5. IMPLEMENTATION. Notwithstanding the deadline
32 for adopting a resolution to approve the budget adjustment
33 in section 257.14A, subsection 1, for the school budget
34 year beginning July 1, 2017, the resolution of the board of
35 directors of a school district shall be approved not later than

1 June 10, 2017.

2 Sec. 6. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
3 immediate importance, takes effect upon enactment.

4 EXPLANATION

5 The inclusion of this explanation does not constitute agreement with
6 the explanation's substance by the members of the general assembly.

7 This bill establishes a district cost per pupil equity
8 budget adjustment for school districts with a regular program
9 district cost per pupil that is less than the highest regular
10 program district cost per pupil among all school districts in
11 the state for the same budget year. The school board for each
12 such district may annually adopt a resolution approving the
13 budget adjustment authorized in the bill. Following adoption
14 of the resolution the board of directors must, within 10 days
15 of its adoption, notify the department of management of the
16 amount of the budget adjustment.

17 For budget years beginning on or after July 1, 2017, each
18 school district that has approved a budget adjustment for that
19 budget year shall receive an adjustment in an amount not to
20 exceed the difference between the school district's regular
21 program district cost per pupil and the highest regular program
22 district cost per pupil among all school districts in the
23 state multiplied by the district's weighted enrollment. The
24 budget adjustment amount may be less than the maximum amount
25 authorized under the bill. The bill requires the school
26 district to fund the budget adjustment using interest earned by
27 the school district on cash reserve funds.

28 The bill specifies that the budget adjustment received does
29 not affect the eligibility for or amount of any other budget
30 adjustment authorized by law for the same budget year and that
31 the budget adjustment under the bill is limited to the budget
32 year for which the adjustment was authorized and shall not be
33 included in any computation of a school district's cost for any
34 future budget year.

35 Under the bill, if a school district uses interest earned

1 on its cash reserve during the base year to fund a budget
2 adjustment authorized in the bill, the board of directors of
3 the school district shall include in its general fund budget
4 document information about the amount of the cash reserve
5 interest used for such purpose.

6 The bill provides that interest earned on cash reserve
7 funds during a budget year may be added to the district's
8 existing cash reserve amount within the general fund or may
9 be designated by the school board to be used to fund a budget
10 adjustment authorized in the bill. However, the interest
11 amounts so designated shall not be included in district cost.

12 Notwithstanding the May 15 deadline for adopting a
13 resolution to approve the budget adjustment provided for in the
14 bill, for the school budget year beginning July 1, 2017, the
15 resolution of the board of directors of a school district must
16 be approved not later than June 10, 2017.

17 The bill takes effect upon enactment.